SAVE THE STORKS

Financial Statements
With Independent Auditors' Report

December 31, 2018

SAVE THE STORKS

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
Save The Storks
Colorado Springs, Colorado

We have audited the accompanying financial statements of Save The Storks, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Board of Directors
Save The Storks
Colorado Springs, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save The Storks as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Save The Storks has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* as described in Note 2. This has had a material effect on the presentation of the December 31, 2018 financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Colorado Springs, Colorado
October 31, 2019

SAVE THE STORKS

Statement of Financial Position

December 31, 2018

ASSETS:		
Cash and cash equivalents	$	1,138,946
Certificate of deposit		300,000
Accounts receivable		232,750
Prepaid expenses and other assets		431,038
Asset held for sale		83,551
Property and equipment–net		295,070
Total Assets	$	2,481,355
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	$	323,981
Deferred income		323,235
		647,216
Net assets:		
Without donor restrictions		517,694
With donor restrictions		1,316,445
		1,834,139
Total Liabilities and Net Assets	$	2,481,355

See notes to financial statements

SAVE THE STORKS

Statement of Activities

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrctions	Total
SUPPORT AND REVENUE:			
Contributions	$ 5,046,021	$ 497,051	$ 5,543,072
Service and product income	1,443,138	-	1,443,138
Other income	110,289	-	110,289
Total Support and Revenue	6,599,448	497,051	7,096,499
NET ASSETS RELEASED:			
Purpose restrictions	322,600	(322,600)	-
EXPENSES:			
Program activities	4,297,898	-	4,297,898
Supporting activities:			
Fund-raising	2,168,880	-	2,168,880
General and administrative	781,310	-	781,310
	2,950,190	-	2,950,190
Total Expenses	7,248,088	-	7,248,088
Change in Net Assets	(326,040)	174,451	(151,589)
Net Assets, Beginning of Year	843,734	1,141,994	1,985,728
Net Assets, End of Year	$ 517,694	$ 1,316,445	$ 1,834,139

See notes to financial statements

SAVE THE STORKS

Statement of Functional Expenses

For the Year Ended December 31, 2018

		Supporting Activities:		
	Program Activities	Fund-raising	General and Administrative	Total
Salaries and benefits	$ 874,003	$ 464,895	$ 520,683	$ 1,859,581
Professional services	667,159	880,977	75,277	1,623,413
Mobile medical unit building costs	1,150,055	-	-	1,150,055
Communications and events	475,696	290,209	8,686	774,591
Travel	330,827	264,989	31,924	627,740
Contributions to others	521,301	-	-	521,301
Office and other expenses	155,335	233,596	76,939	465,870
Facilities and maintenance	107,444	30,353	54,657	192,454
Depreciation expense	16,078	3,861	13,144	33,083
Total expenses	$ 4,297,898	$ 2,168,880	$ 781,310	$ 7,248,088

See notes to financial statements

SAVE THE STORKS

Statement of Cash Flows

For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(151,589)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		33,083
Change in operating assets and liabilities:		
Accounts receivable		(198,000)
Prepaid expenses and other assets		109,812
Deferred income		(267,145)
Accounts payable and accrued expenses		202,290
Net Cash Used by Operating Activities		(271,549)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of vehicles and equipment		(121,990)
Net Cash Used by Investing Activities		(121,990)
Change in Cash and Cash Equivalents		(393,539)
Cash and Cash Equivalents, Beginning of Year		1,532,485
Cash and Cash Equivalents, End of Year	$	1,138,946
SUPPLEMENTAL DISCLOSURE:		
Construction in progress acquired through accounts payable and accrued expenses	$	83,525

See notes to financial statements

SAVE THE STORKS

Notes to Financial Statements

December 31, 2018

1. <u>NATURE OF ORGANIZATION:</u>

Officially founded in 2012, Save The Storks (STS) is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law(s). Save The Storks is not a private foundation under Section 509(a) of the Internal Revenue Code.

The initial program of Save the Storks was developing partnerships with pregnancy resource centers across the nation and helping them launch Mobile Medical Units (MMU). As the organization grew, the goal of serving abortion vulnerable moms and saving babies continued to expand. There was an increased need to equip pregnancy resource centers with more than just mobile ministry. Save the Storks has since developed and implemented training curriculum and services to help the centers more efficiently and effectively serve their communities.

The stated mission of Save the Storks is to revolutionize the meaning of pro-life. This is accomplished by: 1) changing the language and conversation around pro-life, 2) creating innovative ways to engage and serve abortion vulnerable women and save babies, 3) equipping grassroots leaders with strategies and tools to provide love, compassion and action to women in crisis pregnancies, and 4) mobilize cultural influences to create catalytic change.

2. <u>SIGNIFICANT ACCOUNTING POLICIES:</u>

STS maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts, cash on hand, and money market funds. As of December 31, 2018, cash on deposit with financial institutions exceeded federally insured limits by approximately $750,000. STS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

CERTIFICATE OF DEPOSIT

Certificate of deposit is held at contract value plus accrued interest and held as collateral for the line of credit described in footnote 5 below. The original maturity date was over ninety days, therefore it is not considered cash equivalents. Gains and losses are reported within other income on the statement of activities.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE
Accounts receivable represents miscellaneous amounts due to STS that have not been received as of year end. Management expects to receive the full amount of the receivables, therefore, no allowance for uncollectible amounts has been recorded.

ASSET HELD FOR SALE
Asset held for sale is valued at the lower of carrying value or fair value less costs to sell and consists of a mobile medical unit. Management expects the unit to sell during the year ended December 31, 2019.

VEHICLES AND EQUIPMENT–NET
Vehicles and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Assets costing greater than $2,500 are capitalized. Depreciation is recorded over the estimated useful lives of the assets on a straight-line basis, which range from three to seven years.

DEFERRED INCOME
Deferred income is recorded for the unearned portion of payments received on mobile medical units (MMU). Revenue is recognized as earned, which is at point of delivery of the MMU.

NET ASSETS
The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those resources currently available for use in STS's operations, those resources invested in vehicles and equipment–net, and those designated by the board for grants.

Net assets with donor restrictions are those contributions restricted by donors for various ministry projects and programs.

SUPPORT, REVENUE, AND EXPENSES
Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Service and product income consists primarily of MMU sales to pregnancy resource centers and is recognized when earned.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued:
The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of STS. These expenses include salaries and benefits, facilities, travel, depreciation, and other. Depreciation and facilities are allocated based on square footage. Costs of other categories were allocated on estimates of time and effort. Total expenses include all operating expenses.

JOINT COSTS
STS hosts events and sends marketing materials throughout the year that result in joint cost. Joint costs are incurred when requests for contributions and program service activities are conducted simultaneously. Joint costs are allocated based on time and effort or space used on marketing materials. Total joint costs for the year ending December 31, 2018, consist of the following:

Program services	$	573,983
Fundraising		192,561
	$	766,544

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT
In 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.* STS adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added including liquidity and funds available (Note 3), disclosures related to functional allocation of expenses were expanded (Note 2, above), and a statement of functional expenses was added.

3. LIQUIDITY AND FUNDS AVAILABLE:
The following table reflects STS's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. All of STS's financial assets as of December 31, 2018 are considered available for general expenditure within one year.

Cash and cash equivalents	$	1,138,946
Accounts receivable		232,750
	$	1,371,696

STS has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. STS also has lines of credit in the amount of $350,000, which it could draw upon as needed (see Note 5, below).

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment, as of December 31, 2018, consist of:

Vehicles	$	86,521
Equipment		75,973
		162,494
Less accumulated depreciation and amortization		(91,098)
		71,396
Construction in progress		223,674
	$	295,070

5. LINES OF CREDIT:

During the year ended December 31, 2018, STS obtained a revolving line of credit of $300,000, with an interest rate 3.45%, held at a financial institution, secured by a certificate of deposit at the financial institution. The line of credit matures December 2019. STS also obtained an unsecured line of credit of $50,000, with a variable interest rate based on the Wall Street Journal prime rate, plus 4.99% (effective rate of 10.24%), held at a financial institution. The line of credit matures December 2021. As of December 31, 2018, the lines of credit were not drawn upon.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions, as of December 31, 2018, consists of:

Mobile medical units	$	1,180,177
Other		136,268
	$	1,316,445

7. RELATED PARTIES:

During the year ended December 31, 2018, STS paid $73,000, for consulting services provided by board members. A board member and the chief executive officer also hold positions on boards of organizations to which STS contributed approximately $19,000, during the year ended December 31, 2018.

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Notes to Financial Statements

December 31, 2018

8. OPERATING LEASE:
STS has entered into a lease agreements with unrelated third party vendor for use of office space. Net lease expense for the year ended December 31, 2018 was $146,355. Future minimum payments required under lease agreements and other contractual obligations as of December 31, 2018, are:

Year Ending December 31,		
2019	$	120,018
2020		124,548
2021		129,077
2022		133,605
2023		138,135
Thereafter		215,127
	$	860,510

9. SUBSEQUENT EVENTS:
Subsequent events were evaluated through October 31, 2019, which is the date the financial statement wasavailable to be issued.